

Richmond Hill Inn, Asheville, North Carolina

Behavior

89% of visitors typically stay 1-3 nights.

Visitors are looking for choice and variety of activities. They like to be able to pack a lot into a short amount of time.

Most people visit the Asheville area by car (more than 80% in the hotel survey).

The majority of trips to Asheville involve adult couples traveling without children (75% traveled in pairs, 93% of parties were all-adult).

Many visitors are loyal to Asheville, visiting repeatedly. In the hotel survey, half were repeat visitors, and the largest percentage of those (68%) visited at least once per year.

Key reasons for visiting/revisiting the Asheville area are the natural beauty, variety of seasons, special events and the Biltmore Estate. Shopping and dining are key activities enjoyed by visitors while they're here.

In core markets, visitation shows a seasonal flattening due to the development of the shoulder seasons.

Nearly half (45%) of all respondents visit Asheville during the fall. Charlotte (32%) and Cincinnati (50%) visitors were more likely to visit Asheville in the spring than visitors from other market.

Visitors say the most important message leading to visiting the Asheville area is recommendations from friends and family.

Although few visitors admit to being *Influenced* by marketing communications messages, nearly half remembered seeing advertising and P-R messages for Asheville tourism.

Both visitors and non-visitors feel that information about special events and discounts/value packages are important in a decision to plan a pleasure trip to the Asheville area.

Influential Features

The mountainous, natural environment is the key feature that keeps visitors coming back. However, the specific activities and events are also very important in planning repeat pleasure trips to the Asheville area.

The same type of natural, mountainous environment features are also very attractive to those who have never been to Asheville.

Features that are influential to visitors, but have low awareness are:

- historical attractions
- base city/can visit other places & attractions

Features that are influential to non-visitors, but have low awareness are:- secluded mountain getaway base city/can visit other places/attractions,- romantic weekend getaway, and historical attractions.

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SITE ANALYSIS

The site analysis is a careful study of the factual data in relation to the subject's neighborhood characteristics, which create, enhance, or detract from the utility and marketability of the land or site as compared to competing sites. This analysis is important in determining the highest and best use of the site and for separate valuation from the improvements.

The information about the site was obtained from conversations with and documents provided by the property owner, and an on site inspection made by the appraiser.

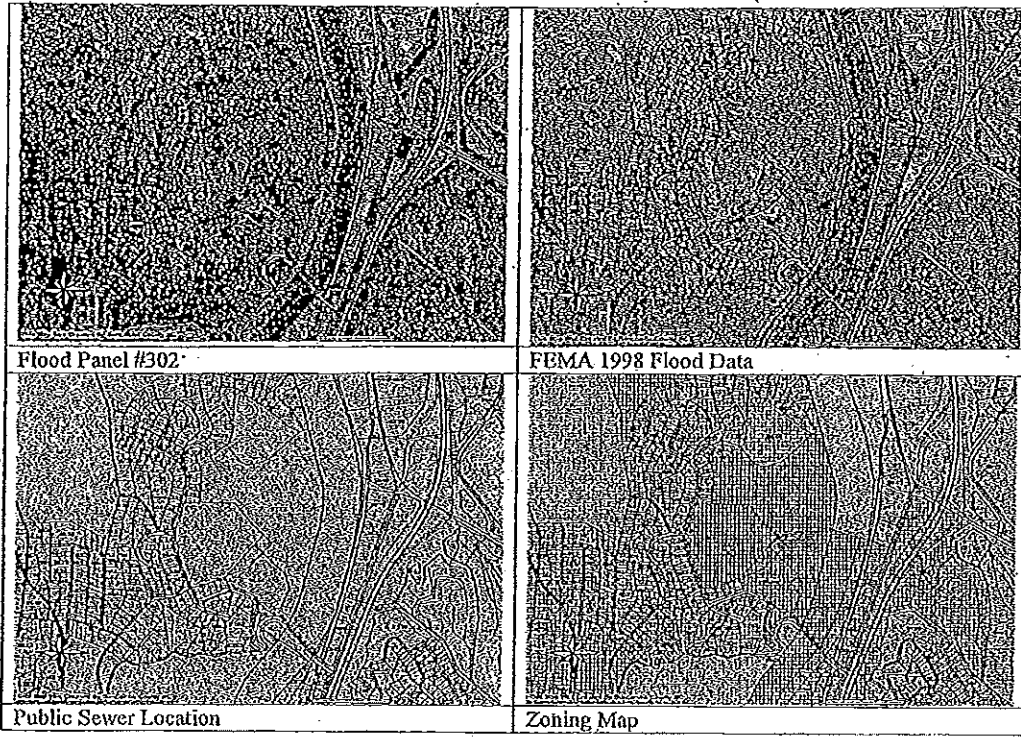
Subject Parcel

Land Size:	Approximately 54.515 acres with approximately 41.51 acres of surplus land. This approximately 13.0 acres allocated to the Inn.
Shape:	Irregular
Topography:	Sloping to the west towards the river
Soil Conditions:	No soil tests were made by the appraiser. The soil on the tract appears generally suitable for residential or light commercial construction.
Flood Zone:	The subject property is not located in a flood zone. See Flood Maps following this site description.
Utilities:	Water, sewer, electricity, telephone, natural gas.
Zoning:	Historic District, "Resort" & "RM-6"
Basements:	Typical utility easements; not believed to adversely affect the site.
Surrounding Land Uses:	The immediate area consists primarily of single and multi-family residences, offices and a few small commercial/retail facilities.
Street Improvements:	Richmond Hill Drive -- Two lane, asphalt
Drainage:	Received by city street storm sewers

In summary, the subject site is considered to be in an average to above average location with respect to accessibility and with respect to other bed & breakfast facilities in the area.

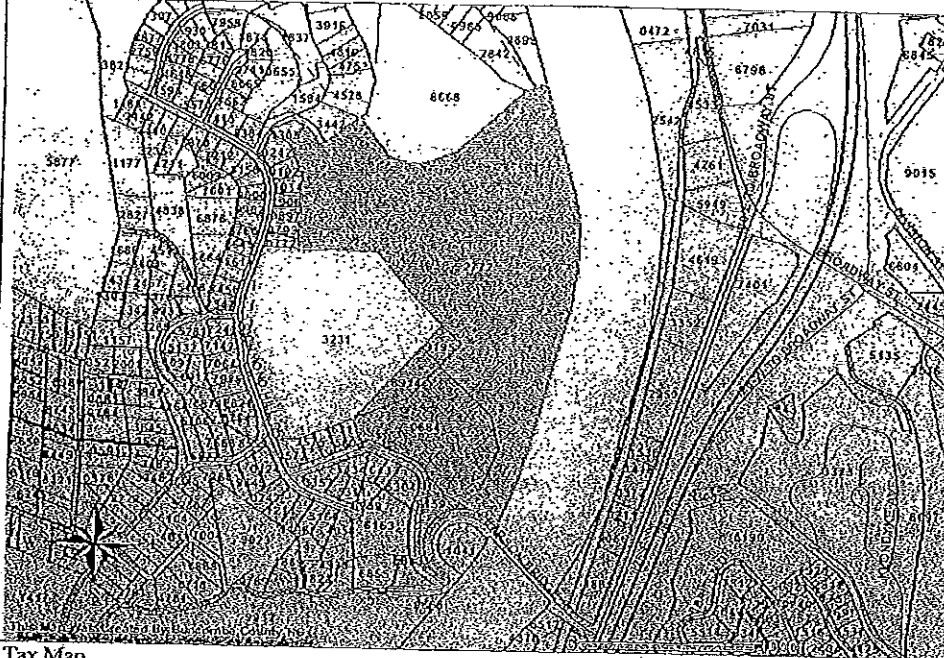
Richmond Hill Inn, Asheville, North Carolina

EXHIBITS

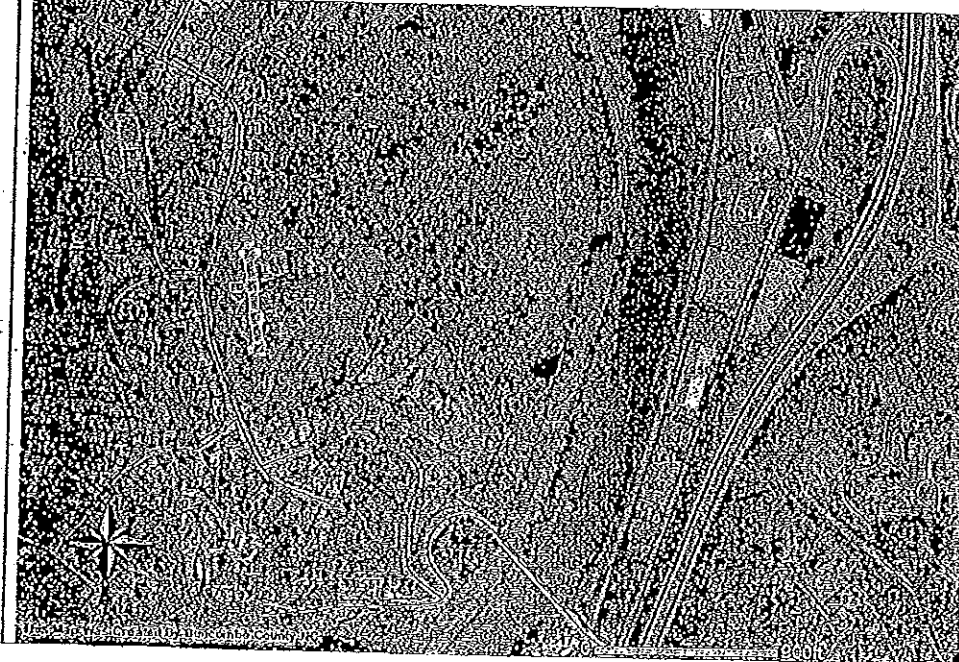


Richmond Hill Inn, Asheville, North Carolina

EXHIBITS



Tax Map



Richmond Hill Inn, Asheville, North Carolina

DESCRIPTION OF THE IMPROVEMENTS

The following description of the improvements is based on an on-site inspection of the Inn. The improvements consist of a 2.0 story residence converted to a bed and breakfast along with the other buildings on site for a total of 37 rentable rooms/suites. The Inn has an existing full, service restaurant and basement areas and offices. The owners have made significant improvements to the property with renovations to the house and grounds. The improvements were found to be in good condition without the need of repairs.

GENERAL DESCRIPTIONS - Mansion

Year Built:	The main portion of the building is reported to have been built in 1889 and moved on site in 1984 and re-opened for business in 1989.
Foundation:	Foundation/basement
Construction	Wood, stucco, masonry with wood trim.
Roof:	Gable roof - composition slate, gutters with downspouts
Electrical System:	Commercial grade electrical service, upgraded to code.
Exterior Finish:	Stone
HVAC:	GFWA/Central Air Conditioning
Interior:	Plaster and DW with wallpaper
Finish:	Good/attractive interior finish consisting of drywall and wood trim. Wood flooring, carpet, and tile floor covering throughout the building.
Fireplaces:	Generally a fireplace in each bedroom, plus other first floor rooms
Restrooms:	Each room has its own bath plus main level
Bedrooms:	All plumbing assumed to be installed to code & in working order.
Ceiling Height:	Main Building (13) Guest bedrooms incl. One suite
Miscellaneous:	Drywall finished (10-12) foot clearance with lighting fixtures.
Basement:	One commercial kitchen equipped with commercial grade refrigerator and commercial grade range.
Room Description:	Offices, massage room, elect. Room, mechanical room, bathrooms, etc.
	Entrance hall
	Parlor
	Dining room
	Sitting room
	Lobby
	Kitchen
	Sitting Room
Miscellaneous:	Portico
	Terrace
Needed Repairs:	None noted

(Gabrielle's Restaurant) within the Mansion

Gabrielle's Restaurant is a recipient of the AAA Four Diamond award for the 14th year. The restaurant is located in the Mansion's original parlor and dining room with a décor of the 1890's.

GENERAL DESCRIPTIONS - Carriage House

The Carriage House is a 2.0 story structure with a full basement. The first floor consists of three offices, conference room, greenhouse, 1 - 4 pc. restroom, and 1 - 3 pc. Restroom. The upper level contains eight offices with an interior corridor. The full basement is unfinished and used for laundry, mechanical room, and storage of garden tools. The structure was built in 1992 and found to be in average condition.

Floors 1 & 2	2,469 sq. ft.
Unfinished basement	1,456 sq. ft.

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GENERAL DESCRIPTIONS -- Croquet Cottages

Year Built: Beautiful one story cottages with a total of nine (9) built in 1991.
Foundation: Concrete slab
Construction: Wood, stucco, masonry with wood trim.
Roof: Gable roof - metal, gutters with downspouts
Electrical
System: Commercial grade electrical service to code.
Exterior Finish: Stucco & wood frame
Heating/Air Conditioning: GFWA/Central Air Conditioning
Interior
Finish: Plaster and DW with wallpaper
Good/attractive interior finish consisting of drywall and wood trim. Carpet & tile flooring throughout the building.
Fireplaces: Generally a fireplace in each bedroom
Restrooms: Each room has it own master bath
All plumbing assumed to be installed to code & in working order.
Bedrooms: Main Building with (9) Guest cottages (bedrooms)
Ceiling Height: Drywall finished (9) foot clearance with lighting fixtures.
Miscellaneous: Kitchenette fully equipped
Room Description: Bedroom & one bath per cottage
Miscellaneous: Terrace
Needed Repairs: None noted

GENERAL DESCRIPTIONS -- Garden Pavilion

Year Built: The Garden Pavilion was constructed in 1996 and is a "U" shaped building with rentable rooms, a dining rooms (seats 70), gift shop, and 15 guestrooms.
Foundation: Foundation/basement
Construction: Wood, stucco, masonry with wood trim.
Roof: Gable roof - composition slate, gutters with downspouts
Electrical
System: Commercial grade electrical service, upgraded to code.
Exterior Finish: Stucco, wood
Heating/Air Conditioning: GFWA/Central Air Conditioning
Interior
Finish: DW with wallpaper
Good/attractive interior finish consisting of drywall and wood trim. Wood flooring, carpet, and tile floor covering throughout the building.
Fireplaces: Generally a fireplace in each bedroom, plus other first floor rooms
Restrooms: Each room has it own bath
All plumbing assumed to be installed to code & in working order.
Bedrooms: Main Building (15) Guest bedrooms incl. One suite
Ceiling Height: Drywall finished (10) foot clearance with lighting fixtures.
Miscellaneous: One commercial kitchen equipped with commercial grade refrigerator and commercial grade range.
Basement: Offices, elect. room, mechanical room, bathrooms, etc.
Parlor
Needed Repairs: None noted

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SITE IMPROVEMENTS

Gardens: Croquet Court, Lanier Garden, Waterfalls, Parterre Garden
Paving: Concrete parking and drive access
Utilities: Water, Sewer, Electricity, Natural Gas, Telephone, Cable.
Parking: Adequate - on site.
Landscaping: Excellent landscaping

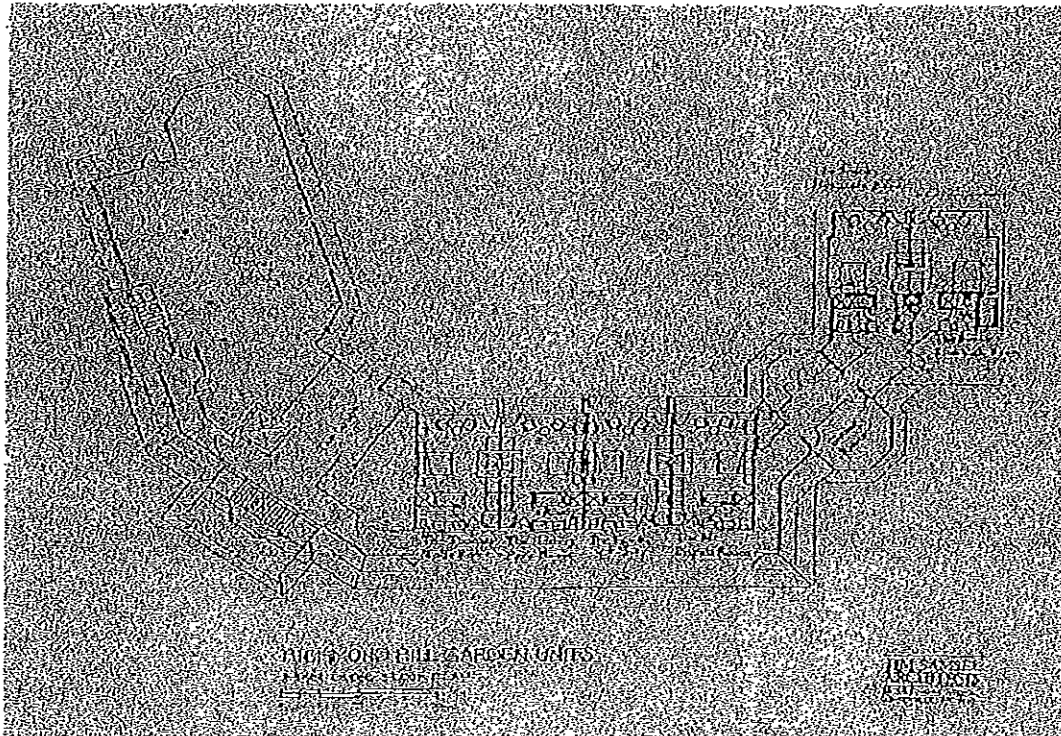
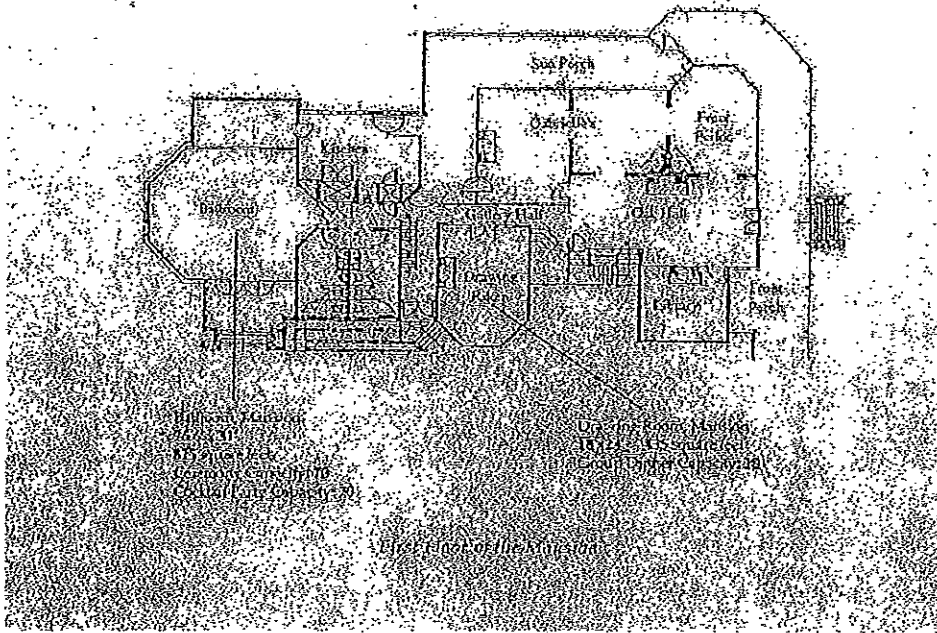
EFFECTIVE ROOM RATES (April 1 -- December 30, 2005)

<u>Rm. Desc.</u>	<u>Sun-Thursday</u>	<u>Frid & Sat</u>
Luxury Suites	\$340-\$415	\$440-\$515
Emerald	\$325	\$415
Diamond	\$285	\$365
Cottage	\$260	\$340
Platinum	\$245	\$310
Gold	\$205	\$255

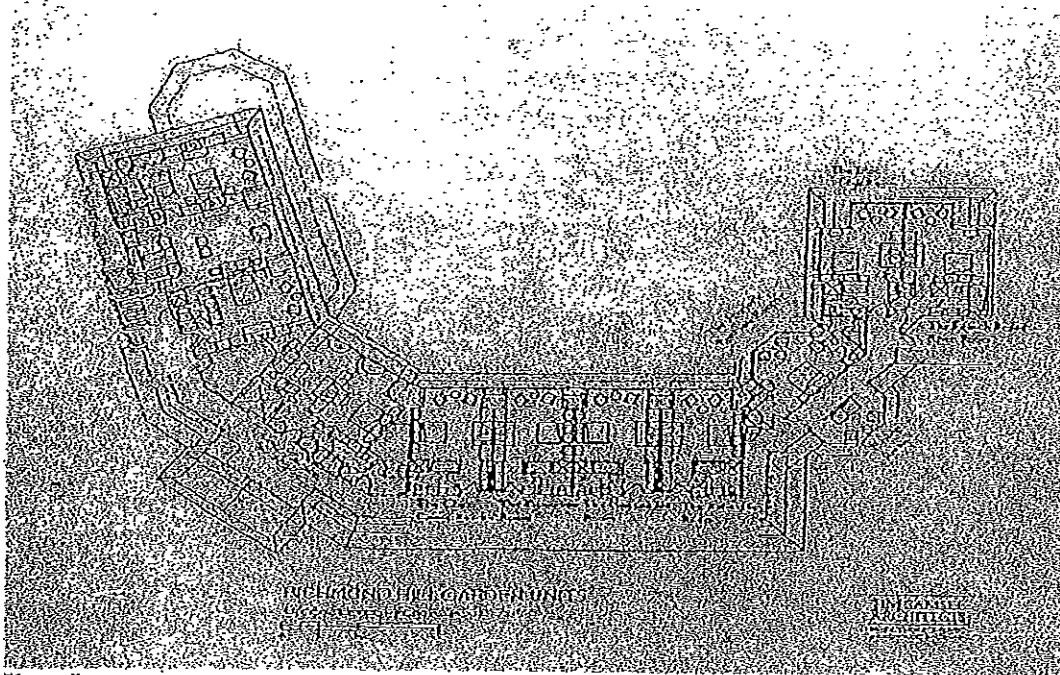
Note: Some of the floor plans of the improvements have been scanned into the report. For additional information about the structures see detailed plans with the present owner.

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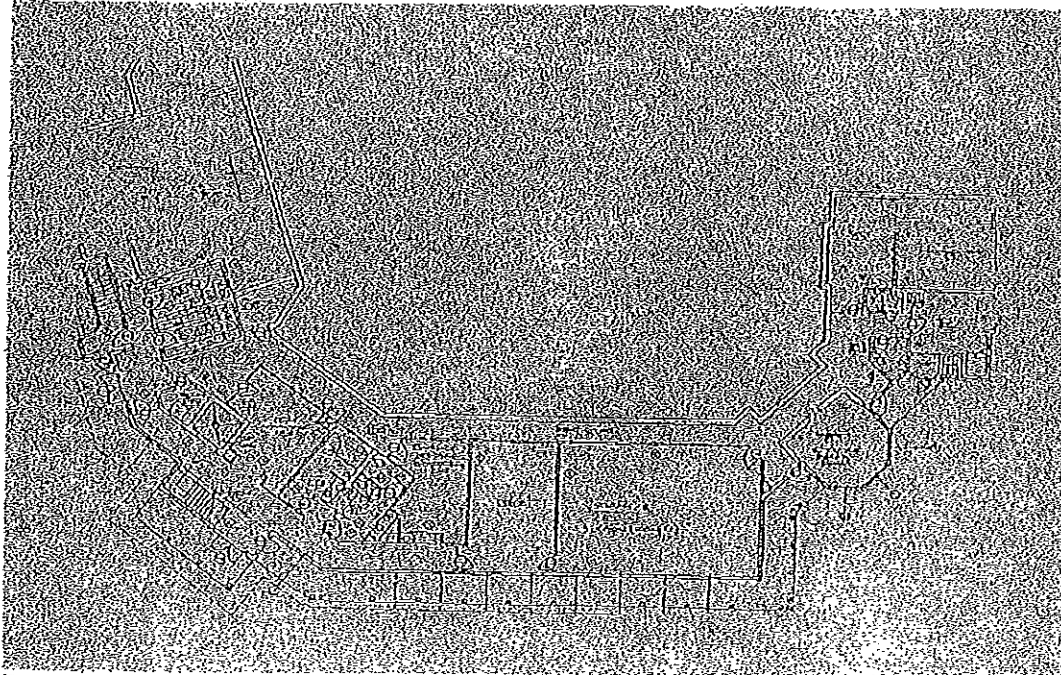
FLOOR PLANS



Richmond Hill Inn, Asheville, North Carolina



Upper Level



Basement Level

Richmond Hill Inn, Asheville, North Carolina

HIGHEST AND BEST USE

There is one basic definition of Highest and Best Use. There are however, two applications of this phrase. One definition applies to the land or site as if it were vacant and the other applying to the property as though improved. The following definitions of Highest and Best Use are quoted from *The Dictionary of Real Estate Appraisal*, 2nd ed., and are as follows:

highest and best use: the reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability.

highest and best use of land or a site as though vacant: the use of a property based on the assumption that a parcel of land is vacant or can be made vacant through demolition of any improvements.

highest and best use of a property as improved: the use that should be made of a property as it exists.⁵

The first applicable definition applies specifically to land. It is recognized that in cases where the site contains improvements, the highest and best use may well be determined to be different from the existing use. The existing use will continue; however, unless and until the land value, in its highest and best use, exceeds the total value of the property in its existing use. When a property's highest and best use can be reasonably forecasted to change in the near future, the prevailing use is considered to be an interim use.

As mentioned earlier, the following tests must be met in estimating the highest and best use:

- 1) The use must be legal.
- 2) The use must be probable, not speculative or conjectural.
- 3) There must be a profitable demand for such use and it must return the land the highest net return for the longest period of time.

The subject property has several factors influencing its present highest and best use.

First, it is important to remember that the purpose of this appraisal is to estimate the current market value of the subject property, as of the date of the appraisal. Second, remember that social, economic, physical, and especially governmental forces which help to create, maintain, modify, or destroy the market value of the real property play an important role in the estimation of the current market value of the subject property. Third, and perhaps the most significant of these factors, has been the strong demand for a particular type of property in the subject neighborhood.

As mentioned, in arriving at the highest and best use estimate, the subject site must be analyzed:

- 1) As if vacant and available for development, and
- 2) As presently improved.

Legally Permissible Uses

Legal restrictions as they apply to a property are private restrictions and public restrictions of zoning. There are no private restrictions affecting the property title. Also, only common restrictions such as utility easements may exist, and they are not considered to be prohibitive to the development of the site. One of the most important items about the property under appraisal is that it is located in a commercial district and the owners do not have to keep management on site. Therefore, the apartments can be rented out in order to produce additional income.

⁵ *The Dictionary of Real Estate Appraisers*, 2nd ed. Chicago: The American Institute of Real Estate Appraisers. Page 149.

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Research has indicated no long term leases or unusual environmental regulations; however the subject is located within a downtown district and as such is subject to certain regulations. The subject site is zoned "HD," Historic District and allows residential multi-family, bed and breakfast, etc.. The subject site's current use as a bed and breakfast is considered to be a legal and conforming use under the present zoning classifications.

Physically Possible

The physical aspects of the site impose the first constraints on its possible use. The site size, topography, and the availability of utilities are important determinants of the value estimate. The larger the site, the greater it's potential to achieve economies of scale and flexibility in development; whereas, a smaller site may be limited to its optimal development unless it becomes part of an assemblage of other smaller tracts.

The physical factors are considered average for most bed and breakfast properties of this type. The topography consists of a level site, and topography does not appear to be a barrier for the development of the site from a physically possible standpoint. The subject tract contains a total of approximately 13 acres allocated to the Inn which is large enough to allow for a range of possible uses such as a residential, office, retail, other commercial, etc.

Secondly, the topography and the condition of the soil are important factors in determining possible uses for a tract. If the tract is restricted by the topography or soil conditions, possible uses are adversely affected. The subject's topography is considered basically level and poses no problem for development.

The subject property is not located in a 100-year flood plain zone. There did not appear to be any adverse soil conditions, which would preclude development as evidenced by the existing improvements on subject property. It should be noted, however, that the appraiser is not qualified to render any professional opinion of environmental conditions of the site.

Thirdly, the availability and capacity of utilities for a tract help determine a tracts possible use. If a tract does not have or cannot acquire utilities it is almost impossible to develop. Additionally, if a tract cannot acquire adequate utility capacity most high-density development is precluded. As mentioned in the Site Analysis section of this report, all public utilities are available to the subject site.

Feasible Use

From a financial standpoint, any property development that would produce a positive rate of return is considered a feasible use. Factors determining feasible uses include those previously discussed when considering both possible and legal uses. Additional factors that need to be considered with respect to feasibility include location, access, frontage/shape, and adjacent land uses. In addition, an analysis of relevant market information concerning the demand and supply of the subject property type helps determine an expected return and thus the feasibility of a potential or existing use.

In analyzing the feasible use of the subject property, we have considered the factors previously listed. The property contains a total of approximately 54.5 acres of which approx. 13 are allocated to the Inn and the property is located in an historic district, which is characterized primarily by residential and office facilities. In view of this, we believe a bed and breakfast facility or Inn is considered economically feasible under current market conditions.

HIGHEST AND BEST USE OF VACANT LAND

In the final analysis, a determination must be made as to which feasible use is the subject's highest and best use.

After considering the possible, legal, and feasible uses of the subject site, it is our opinion that the highest and best use, of the vacant land, with structures removed, is for residential development or commercial space.

Richmond Hill Inn, Asheville, North Carolina

HIGHEST AND BEST USE AS IMPROVED

Considering the location of the subject property and the neighborhood characteristics as well as the improvements on the property, the property lends itself to an Inn type structure due to its number of bedrooms, large foyer, restaurant, and sitting rooms.

APPRAISAL PROCESS

The *Appraisal Process* is the series of orderly and logical steps taken by the appraiser to complete an appraisal assignment and to derive a sound conclusion as to a property's estimated value. The initial stages of the appraisal process lay the foundation for each of the three approaches to value, commonly known as the Cost Approach, the Sales Comparison Approach, and the Income Capitalization Approach. The following definitions of these methods are quoted from *The Dictionary of Real Estate Appraisal, 2nd ed.*, and are as follows:

Cost Approach: Approach through which an appraiser derives a value indication of the fee simple interest in a property by estimating the current cost to construct a reproduction of or replacement for the existing structure, deducting for all evidence of accrued depreciation from the cost new of the reproduction or replacement structure, and adding the estimated land value plus an entrepreneurial profit. Adjustments may be made to the indicated fee simple value to reflect the value indication of the property interest being appraised.⁶

Sales Comparison Approach: Approach through which an appraiser derives a value indication by comparing the property being appraised to similar properties that have been sold recently, applying appropriate units of comparison and making adjustments, based on the elements of comparison, to the sale prices of the comparables.⁷

Income Capitalization Approach: Approach through which an appraiser derives a value indication for income-producing property by converting anticipated benefits, i.e., cash flows and reversions, into property value. This conversion can be accomplished in two ways: One year's income expectancy or an annual average of several years' income expectancies may be capitalized at a market-derived capitalization rate or a capitalization rate that reflects a specified income pattern, return on investment, and change in the value of the investment; secondly, the annual cash flows may be discounted for the holding period and the reversion at a specified yield rate.⁸

The Cost Approach to value will not be utilized in this assignment. The Cost Approach is not applicable because the age of the property makes it difficult to estimate the depreciation even though the property has been extensively remodeled. In utilizing the Income Approach, the appraiser will analyze the property first by viewing the operation with seven rentable room with associated expense ratios. This analysis views the property ratios of a bed and breakfast operation along with a per room valuation. The appraiser then brings in the additional income from the apartments, banquets, etc. to value the entire operation. The Market Approach is used to appraise the property prior to bring in the other income and provides support to the values derived from the Income Approach.

⁶ *The Dictionary of Real Estate Appraisers, 2nd ed.* Chicago: The American Institute of Real Estate Appraisers. Page 72.

⁷ *Ibid.* Page 265.

⁸ *Ibid.* Page 156.

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SALES COMPARISON APPROACH TO VALUE

Richmond Hill Inn, Asheville, North Carolina

THE SALES COMPARISON APPROACH TO VALUE (IMPROVED)

A logical and direct approach to value of any property is the Sales Comparison Approach to Value. It can be said that this approach considers all factors of supply and demand in the market place. A definition of the *Sales Comparison Approach to Value* is as follows:

Approach through which an appraiser derives a value indication by comparing the property being appraised to similar properties that have been sold recently, applying appropriate units of comparison and making adjustments based on the elements of comparison, to the sale prices of the comparables.⁹

From this definition, it is observed that price is converted to value by similarity and adjustment. This approach provides a strong indication of value (when applicable) because the value is derived directly from the market.

The reliability of this approach depends upon the availability of such similar sales, the degree of comparability between properties, verification of the sales date, and the conditions under which the property is sold. The comparable sales data in this report is considered to provide adequate data for an estimation of market value for the subject properties. The strength of the market approach is that it reflects actual market behavior of typical purchasers and sellers under current market conditions. It is direct, logical, and understandable. Its weakness is that there may be inadequate data in the market data to justify its use, and that it is based on historical data rather than future expectation where conditions of comparability may not closely conform to the subject property. As such, the greater the adjustment of the comparable, the less reliable is the indicated value from the analysis.

In estimating the value of the subject property, as improved, sales of comparable Bed and Breakfast Inns were obtained from the area. These improved comparable sales were then adjusted for various value-influencing characteristics.

The analysis of several units of comparison is helpful in value estimation. Key units of comparison are:

- | | |
|---------------------------------------|---|
| 1) Sales Price Per Unit (Bed): | The sale price divided by the number of units of the main improvements. |
| 2) Effective Gross Income Multiplier: | The sale price divided by the Effective Gross Income. |

Sales Price Per Unit Analysis:

This technique considers the price per unit of each of the comparable sales making necessary adjustments based on factors such as:

- 1) Property Rights Conveyed,
- 2) Financing,
- 3) Conditions of Sale,
- 4) Market Conditions (time),
- 5) Location/Access, and
- 6) Physical Characteristics
- 7)

Due to the design and use potential of this property (Bed & Breakfast), the most logical and reasonable approach to valuation is by Sales.

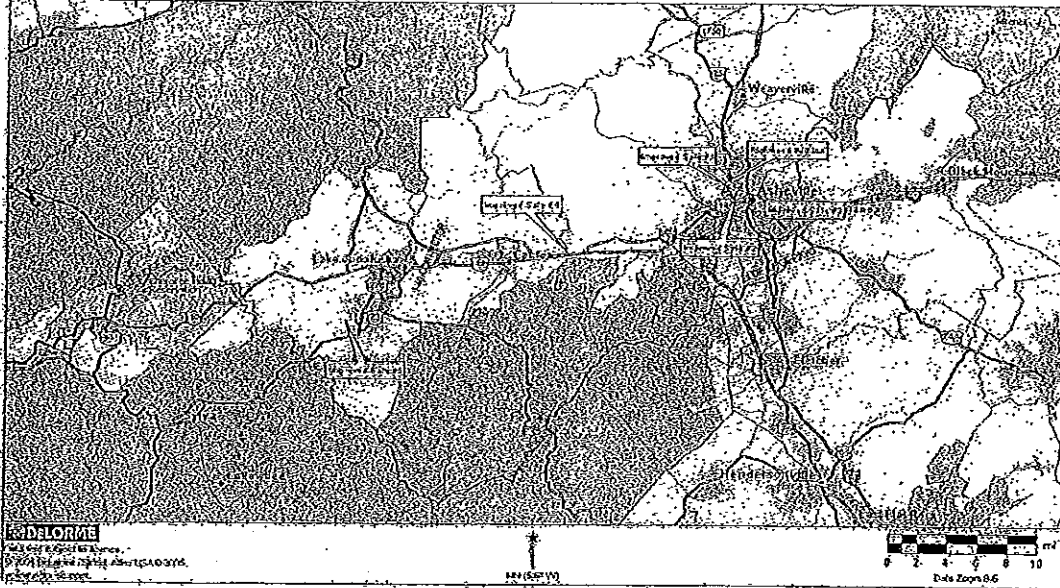
⁹ *The Dictionary of Real Estate Appraisers, 2nd ed.* Chicago: The American Institute of Real Estate Appraisers. Page 265.

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BED & BREAKFAST SALES SUMMARY TABLE

#	Location	Date	Price	Rms	Yr Blt	Occ	Exp %	GRPM	OAR	\$/Rm
1	The Wright Inn B & B	7/04	\$1,875,000	10	1920	70%	65%	3.04	11.53%	\$187,500
2	The Lion & The Rose	6/03	\$1,000,000	5	1925	53%	49%	4.98	10.54%	\$200,000
3	Pinecrest B & B	9/03	\$800,000	4	1905	59%	50%	5.31	9.51%	\$200,000
4	The Owl's Nest	1/05	\$1,500,000	8	1885	67%	49%	4.78	10.69%	\$187,500
5	The Yellow House	3/04	\$1,675,000	8	1968					\$196,875

LOCATION MAP



Richmond Hill Inn, Asheville, North Carolina

HOTEL/MOTEL SALE NO. 1

Property Identification

Record ID 149
Hotel/Motel Type Bed & Breakfast
Property Name The Wright Inn B & B
Address 235 Pearson Drive, Asheville, Buncombe County, North Carolina
28801
Location Montford
Tax ID 9639.16-94-1149

Sale Data

Grantor Sylvester Hospitality
Grantee Ravenswood Retreat LLC
Sale Date July, 2004
Deed Book/Page 3726/769
Property Rights Fee Simple
Conditions of Sale Cash to Seller
Financing Market Transaction
Verification Buncombe Co. Tax Records, 11/24/04; Chris Ortwein, 11/24/04; Other
sources: Legal Records; Confirmed by tb

Sale Price \$1,875,000
Downward Adjustment \$130,000 FF&E
Adjusted Price \$1,745,000

Land Data

Land Size 1.040 Acres or 45,302 SF
Front Footage 197 ft
Topography Level
Utilities EWSG
Shape Irregular
Landscaping Excellent
Flood Info Not in flood zone
Eff Age 15

General Physical Data

GBA SF 4,350
NRA SF 4,350
Number of Rooms 10
Construction Type Wood
HVAC FWA/CAC
Stories 2.5
Floor Height 9
Year Built 1920
Condition Very Good
Quality Good

Richmond Hill Inn, Asheville, North Carolina

HOTEL/MOTEL SALE NO. 1 (Cont.)

Eff Age 15

Income Analysis

Average Daily Rate 225.00
Average Occupancy Rate 70%
Annual Gross Room Revenue \$574,875

Income Analysis (Cont.)

Gross Expenses \$373,668
Net Operating Income \$201,207

Indicators

Sale Price/GBA SF 431.03 Actual or 401.15 Adjusted
Sale Price/NRA SF 431.03 Actual or 401.15 Adjusted
Sale Price/Room \$187,500 Actual or \$174,500 Adjusted
Expense Ratio 65:1
NOI/Room \$20,121
Gross Rent Room Multiplier 3.04
Overall Cap Rate 11.53%

Remarks

Queen Anne architecture. Inn has 1 guestroom on the first level, 5 on the second level, and 3 on the third level, each with private baths and thermostat for central heat and air conditioning. Owner's quarters located in the finished basement includes kitchen, living room, bedroom, 2 baths, and office. The carriage house has 3 bedrooms, 2 baths, living room, dining room, and kitchen. The carriage house is rented as one unit. The carriage house basement is not finished and is used for gardening equipment. The Inn has a slate roof, 5 FP, and is in very good condition at time of sale. FF&E included and valued @ \$300,000. It is the opinion of the appraiser that FF&E is worth approximately 50%, or \$150,000.

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HOTEL/MOTEL SALE NO. 2

Property Identification

Record ID	159
Hotel/Motel Type	Bed & Breakfast
Property Name	The Lion & The Rose
Address	276 Montford Avenue, Asheville, Buncombe County, North Carolina 28801
Location	Montford Historic District
Tax ID	9649.13-03-1666

Sale Data

Grantor	COJO, LLC
Grantee	Adello, LLC
Sale Date	June, 2003
Property Rights	Fee Simple
Conditions of Sale	Market Transaction
Financing	Cash to Seller
Verification	Lender (FCB)- Tina, 257-5700, 7/1/03; Confirmed by tb
Sale Price	\$1,000,000
Downward Adjustment	\$130,000 FF&E Value (50%) adj.
Adjusted Price	\$870,000

Land Data

Land Size	0.550 Acres or 23,958 SF
Zoning	RM-8, Residential
Topography	Gentle Slope
Utilities	EWSG
Shape	Slightly Irregular
Landscaping	Good
Fencing	6' privacy in rear, picket in front
Flood Info	Not in Flood Plain

General Physical Data

GBA SF	3,919
Number of Rooms	5
Construction Type	Wood Frame/Stucco
HVAC	GHW/Wnd Un Air
Stories	2.5
Year Built	1925
Condition	Good

Income Analysis

Average Daily Rate	181.00
Average Occupancy Rate	52.9%
Annual Gross Room Revenue	\$174,742

Richmond Hill Inn, Asheville, North Carolina

HOTEL/MOTEL SALE NO. 2 (Cont.)

Total Revenue	\$180,441
Gross Expenses	\$88,724
Net Operating Income	\$91,900

Indicators

Sale Price/GBA SF	255.17 Actual or 222.00 Adjusted
Sale Price/Room	\$200,000 Actual or \$174,000 Adjusted
Expense Ratio	49.17:1
NOI/Room	\$18,343
Gross Rent Room Multiplier	4.98
Overall Cap Rate	10.54%

Remarks

B & B with very good reputation located in Montford Historic District. Very attractive, well-landscaped. Room count: 11-5-6.0. Covered porch, deck, 3 FP. Sale price of \$200,000 per room represents the highest price paid to date for a B & B in the Asheville market. FF&E included and valued @ \$262,185. It is the opinion of the appraiser that FF&E is worth approximately 50%, or \$130,000. Owner's qtrs. in finished basement, but not considered a rentable guestroom.

Richmond Hill Inn, Asheville, North Carolina

HOTEL/MOTEL SALE NO. 3

Property Identification

Record ID 183
Hotel/Motel Type Bed & Breakfast
Property Name Pinecrest Bed & Breakfast
Address 249 Cumberland Avenue, Asheville, Buncombe County, North Carolina
28801
Tax ID 9649.13-04-9136

Sale Data

Grantor Richard & Barbara Newell
Grantee Pinecrest Bed & Breakfast, LLC
Sale Date September, 2003
Deed Book/Page 3386/206
Property Rights Fee Simple
Conditions of Sale Market Transaction
Financing Cash to Seller
Verification First Citizens Bank (Tina), 257-5700, 9/3/03; Other sources;
Buncombe County Tax Records; Confirmed by tb

Sale Price \$800,000
Downward Adjustment \$40,000 FF & E (50%) adjust
Adjusted Price \$760,000

Land Data

Land Size 1.350 Acres or 58,806 SF
Zoning RS-8, Residential
Topography Level
Utilities EWSG
Flood Info Not in flood zone

General Physical Data

GBA SF 3,350
Number of Rooms 4
Construction Type Frame w/wood trim
HVAC FWA/HPWU
Stories 2
Floor Height 9
Year Built 1905
Condition AbAvg
Quality AbAvg

Income Analysis

Average Daily Rate 166.00
Average Occupancy Rate 59%
Annual Gross Room Revenue \$142,992

Richmond Hill Inn, Asheville, North Carolina

HOTEL/MOTEL SALE NO. 3 (Cont.)

Total Revenue	\$145,268
Gross Expenses	\$72,958
Net Operating Income	\$72,310

Indicators

Sale Price/GBA SF	238.81 Actual or 226.87 Adjusted
Sale Price/Room	\$200,000 Actual or \$190,000 Adjusted
Expense Ratio	50.22:1
NOI/Room	\$18,078
Gross Rent Room Multiplier	5.31
Overall Cap Rate	9.51%

Remarks

Attractive B & B w/4 guestrooms on Cumberland Avenue in historic Montford District. FF&E is valued @ approximately \$80,000. It is opinion of appraiser that FF&E value is approximately 50% , or \$40,000.

Richmond Hill Inn, Asheville, North Carolina

HOTEL/MOTEL SALE NO. 4

Property Identification

Record ID	184
Hotel/Motel Type	Bed & Breakfast
Property Name	The Owl's Nest
Address	2630 Smokey Park Highway, Candler, Buncombe County, North Carolina 28715
Tax ID	8687.17-12-1221, 8687.17-11-1755

Sale Data

Grantor	Owl's Nest Inn, LLC
Grantee	Gerda K. Angevine
Sale Date	January, 2005
Property Rights	Fee Simple
Conditions of Sale	Market conditions
Financing	Cash to Seller
Verification	Gerda Angevine, 665-4879, 2/1/05; Marge Dente, 2/1/05; Confirmed by tb
Sale Price	\$1,500,000
Downward Adjustment	\$50,000 FF&E
Adjusted Price	\$1,450,000

Land Data

Land Size	11.780 Acres or 513,137 SF
Front Footage	Smokey Park Hwy.
Zoning	NA, Not Zoned
Topography	Sloping
Utilities	E, Pvt Well, Septic, Propane
Shape	Irregular
Flood Info	Portion of rear of property in flood plain
Eff Age	15

General Physical Data

NRA SF	5,207
NRA SF	5,207
Rooms	
Construction Type	Frame w/wood trim
HVAC	Propane gas/electric central air
Stories	2.0
Floor Height	9'-10'
Year Built	1885
Condition	AbAvg
Quality	AbAvg
Eff Age	15

Richmond Hill Inn, Asheville, North Carolina

HOTEL/MOTEL SALE NO. 4 (Cont.)

Income Analysis

Average Daily Rate	155.00
Average Occupancy Rate	67%
Annual Gross Room Revenue	\$303,242
Gross Expenses	\$148,300
Net Operating Income	\$154,942

Indicators

Sale Price/NRA SF	288.07 Actual or 278.47 Adjusted
Sale Price/NRA SF	288.07 Actual or 278.47 Adjusted
Sale Price/Room	\$187,500 Actual or \$181,250 Adjusted
Expense Ratio	48.9:1
NOI/Room	\$19,368
Gross Rent Room Multiplier	4.78
Overall Cap Rate	10.69%

Remarks

Historic B&B built in 1885 and completely restored. 5 guest rooms and Owner's quarter's w/private baths in main house. There are three rental log cabins on property for a total of 8 rental units. FF&E estimated at \$272,193 valued at 50% for a total of \$136,096.

Richmond Hill Inn, Asheville, North Carolina

HOTEL/MOTEL SALE NO. 5

Property Identification

Record ID 186
Hotel/Motel Type Bed & Breakfast
Property Name The Yellow House
Address 89 Oakview Drive, Waynesville, Haywood County, North Carolina
28786
Tax ID 8605-02-3134

Sale Data

Grantor Sharon & Ronald Smith
Grantee Donna & Stephen Shea
Sale Date March, 2004
Deed Book/Page 592/532
Property Rights Fee Simple
Conditions of Sale Market Transaction
Financing Cash to Seller
Verification Connie Munden; 800-963-4197, 8/8/05; Confirmed by tb

Sale Price \$1,575,000

Land Data

Land Size 3.940 Acres or 171,626 SF
Zoning Residential
Topography Rolling
Utilities EWS

General Physical Data

GBA SF 4,800
Rooms
Guest Rooms 8
Bathrooms 8
Total Rooms 8
Construction Type Wood Frame
HVAC C
Stories 2
Year Built 1968
Condition AbAvg

Indicators

Sale Price/GBA SF 328.13
Sale Price/Room \$196,875

Remarks

Bed & Breakfast located in rural setting near Waynesville. 8 guest rooms w/private bath. Owner's quarters in cottage on property. There are no currently available occupancy rates or ADRs.

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Sel T	P MLS	ST	List \$	Sell \$	Address	County	BR	BH A B	SqFt	Acres	LQ LA	SO SA	Sell Date
<input type="checkbox"/>	RA165378C	C	\$187,500	\$0	12 COUNTRY SIDE DRIVE	Buncombe	3	2 1	2131	1.24	1188	1005	08/30/20
<input type="checkbox"/>	RA165465C	C	\$152,900	\$150,000	1 SYDNEY LANE	Buncombe	3	2	2173	.49	548500426	548500359	
<input checked="" type="checkbox"/>	RA166421C	C	\$159,500	\$155,000	23 WESTMONT DRIVE	Buncombe	3	2 1	1666	.29	1005	1203	07/27/20
<input checked="" type="checkbox"/>	RA200201C	C	\$164,900	\$160,000	25 N. WILLOW BROOK DRIVE	Buncombe	3	2 1	2015	.51	548500342	548500839	06/19/20
<input type="checkbox"/>	RA200203C	C	\$154,900	\$152,500	1 FRIENDLY WAY	Buncombe	3	2	1480	.76	1005	1005	10/16/20
<input checked="" type="checkbox"/>	RA202995C	C	\$173,900	\$173,900	7 VIEWPOINT LANE	Buncombe	3	2	1461	.42	548500480	548500322	09/21/20
<input type="checkbox"/>	RA206093C	C	\$189,900	\$187,000	LOT 9 WESTMONT DRIVE	Buncombe	3	2 1	2411	.39	1368	1368	06/27/20
<input checked="" type="checkbox"/>	RA209561C	C	\$189,900	\$189,900	39 LITTLE FOREST DRIVE LOT 7	Buncombe	3	2	2128	.84	548501060	548500717	01/25/20
<input type="checkbox"/>	RA210189C	C	\$164,000	\$162,000	1365 OLD LEICESTER HWY	Buncombe	3	2 1	2385	1.13	1070	1070	04/30/20
<input checked="" type="checkbox"/>	RA210464C	C	\$179,900	\$176,000	210 MEADOW RUN EXL	Buncombe	3	2 1	3053	.76	1129	1070	05/15/20
<input type="checkbox"/>	RA211285C	C	\$159,900	\$151,500	49 FARM ROAD	Buncombe	3	1	1331	2.48	1038	1005	08/17/20
<input type="checkbox"/>	RA213673C	C	\$174,900	\$174,900	71 N. WILLOW BROOK DRIVE	Buncombe	3	2 1	2207	.51	1038	1005	08/21/20
<input type="checkbox"/>	RA214420C	C	\$185,000	\$183,000	17 WESTMONT DRIVE	Buncombe	3	2 1	2269	.38	548501740	548511380	04/26/20
<input type="checkbox"/>	RA217298C	C	\$156,000	\$155,000	31 SYDNEY LANE	Buncombe	3	2 1	2050	.43	1038	1005	09/28/20
<input type="checkbox"/>	RA219992C	C	\$167,900	\$163,000	223 FERGUSON DRIVE	Buncombe	3	2	1680	.61	548500214	123406	01/15/20
<input checked="" type="checkbox"/>	RA220246C	C	\$198,500	\$190,000	11 GOOD INTENTIONS RD	Buncombe	3	2	1780	1.15	1005	1005	08/22/20
<input type="checkbox"/>	RA222308C	C	\$159,900	\$163,000	8 PINE TOP DRIVE	Buncombe	3	2 1	2150	.96	548500183	548501343	10/09/20
<input type="checkbox"/>	RA223309C	C	\$218,000	\$206,000	23 PLEASANT RUN	Buncombe	3	2 2	3311	.49	1257	1257	09/10/20
<input type="checkbox"/>	RA224476C	C	\$199,500	\$199,000	9 WESTMONT DR	Buncombe	3	2 1	2404	.39	548500183	548500183	11/15/20
<input type="checkbox"/>	RA226122C	C	\$225,000	\$200,000	437 OLD MARSHALL HWY	Buncombe	3	2 1	2276	2.2	1038	1228	08/28/20
<input type="checkbox"/>	RA228128C	C	\$178,500	\$163,000	126 FLYNN BRANCH ROAD	Buncombe	3	2 1	2390	1.25	548500250	548500306	10/04/20
<input type="checkbox"/>	RA229351C	C	\$154,500	\$148,000	55 SHEPPARD DRIVE	Buncombe	3	2	1960	.86	1070	1070	03/17/20
											548500172	561001038	05/16/20

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